

**CUSTOMER PERCEPTION TOWARDS ISLAMIC BANKING IN FULFILLING  
MAQASID SHARIAH**

By

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## ABSTRACT

This research examined the customer perception towards Islamic banking in fulfilling *maqasid shariah*. *Maqasid shariah* is designed to promote benefit and repel harms as agreed by Muslim scholars. This concept is important to Islamic banking because it will guide and provide a clear direction to bankers in structuring its banking activities and operations. In addition, by upholding the essence of *maqasid shariah*, Islamic activities will not ruin from its original track. Besides it important, this concept is discussed at conceptual level only. The objective of this research is to provide empirical evidences by asking customer on their perception on *maqasid shariah*. The respondents of this research are clerical staff in UUM, Sintok, Kedah. Quantitative method using survey has been used to get information for this study. The Exploratory Factor Analysis was run to analyze the *maqasid shariah*. Based on this analysis, this research found that customer only perceived Islamic banking fulfil the *maqasid shariah* based on four dimensions namely religion, human life, intellect and progeny.

**Keywords :** Islamic banking, Maqasid Shariah, Exploratory Factor Analysis

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**LIST OF ABBREVIATIONS**

BNM	Bank Negara Malaysia
EPU	Economic Planning Unit
PLS	Profit-Loss Sharing
EFA	Exploratory Factor Analysis

## CHAPTER ONE

### INTRODUCTION

#### 1.0 Introduction

The contents of this chapter provide the background of this study and research objectives for the study. The main objective of this study is to examine customer perception towards Islamic banking in fulfilling *maqasid shariah*. This chapter also explains the scope, significant and limitation of this research.

#### 1.1 Background of study

The acceptance and the development of Islamic financial system in Malaysia has started since 1963 with the establishment of the Tabung Haji. Originally, Tabung Haji main function is an organization for Muslim to deposit money for hajj. Since then, the Islamic financial system has developed continuously. (Laldin, 2008)

On July 1983, the first Islamic banking in Malaysia which is Bank Islam Malaysia Berhad (BIMB) was operated (Shahwan, 2013). With the establishment of BIMB, it was then become a core component of Malaysia's Islamic financial system, with its initial objective confined to the development of a viable and modern alternative to meet financial needs. The Malaysian Islamic financial and banking model is now one of the most established (Tawfique Al-Mubarak, 2010).

The principles of Islamic banking strictly follow the Islamic law principle or known as shariah law which is based on mutual risk and profit sharing between parties. The transaction of Islamic banking should be based on fairness, equitable distribution, and

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